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# Hugel Resigns a Of CIA Spy Operations

## Career Officer Selected

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Max Hugel, the Central Intelligence Agency's chief of clandestine operations, resigned yesterday within a few hours after he was accused in published allegations of improper or illegal stock trading practices.

He was immediately replaced by John Henry Stein, 49, a career CIA officer.

White House aides said they were prepared to recommend that President Reagan fire Hugel but his resignation preempted them. In an early morning telephone call, CIA Director William J. Casey informed White House chief of staff James A. Baker III; "Max is going to step aside."

This call concluded five days of discussions among Casey, Baker, CIA counsel Stanley Sporkin, White House counsel Fred Fielding and others about how to deal with an anticipated series of damaging allegations against Hugel based on tape recordings provided by two Wall Street stockbrokers who did business with him seven years ago. The charges were disclosed in yesterday's Washington Post.

Reagan was not informed until late Monday of the charges against Hugel, whose job as CIA deputy director for operations is one of the most sensitive in government. Baker told the president that the story was due to be published in The Post on Tuesday morning and said Reagan's response was that he was "saddened" to learn of the accusations.

The next time Reagan heard about the matter, Hugel had already quit. The news was relayed to the president at the regular morning staff meeting by Baker, White House counselor Edwin Meese III and deputy chief of staff Michael K. Deaver.

In his resignation letter to Casey, Hugel called the allegations against him "unfounded, unproven and untrue." The 56-year-old former president of a New York wholesale firm said he was leaving because "under present circumstances, I feel I can no longer effectively serve you or the agency."

Casey, in his letter, replied: "It is with deepest regret that I accept your resignation. I do, however, respect your wishes and fully understand your position. I greatly appreciate your efforts for this agency. You have deservedly earned the respect of those with whom you have worked."

Later in the day, White House spokesman David R. Gergen reiterated that the decision had been made at the CIA by Casey and Hugel and several times repeated Hugel's assertion that the charges have not been proven.

In response to a series of questions at the daily White House briefing, Gergen said that the president continued to have "great faith" in Casey's judgment and believed that he had done "a first rate job" at the CIA. At the time Hugel was appointed to his sensitive post more than two months ago, Casey's judgment in making the choice was widely questioned.

Veterans of the intelligence community, as well as some high White House aides, said they were surprised that Casey had chosen a politically oriented and inexperienced outsider rather than a career man.

Following initial questions about Hugel's qualifications, Casey defended him in a long, personal letter to Reagan. Casey's main argument was that he needed someone in the sensitive post in whom he could place his absolute trust and that Hugel, Casey's friend of 20 years, filled that prescription better than any other candidate.

There was no immediate sign that Casey's own position within the administration had been shaken. The president has trusted Casey, aides emphasized, ever since the 68-year-old former chairman of the Securities Exchange Commission helped straighten out the tangled finances of the Reagan campaign last year.

Casey was an unpopular figure with other campaign aides, and since his appointment as CIA director he has been accused of politicizing the agency. There is no evidence that this opinion is shared